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IN CHIEF
U.S. DISTRICT COURT
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MIRANDA & SOKOLOFF LLP

MICHAEL A. MIRANDA*
BRIAN S. SOKOLOFF
STEVEN VERVENIOTIS
ONDINE SLONE
NEIL L. SAMBURSKY*

MARK R. OSHEROW*
OF COUNSEL

THE ESPOSITO BUILDING
240 MINEOLA BOULEVARD
MINEOLA, NY 11501
TELEPHONE (516) 741-7676
FAX (516) 741-9060

WWW.MIRANDASOKOLOFF.COM

BRANCH OFFICES:
NEW YORK, NY
FANWOOD, NJ

P.M. _____
TIME A.M. _____
JOSEPH T. ROCCANOVA
MATTHEW J. MINERO*
STEVEN SELTZER
STEVEN C. STERN
THOMAS R. MAEGLIN
ADAM I. KLEINBERG
ERIC B. STERN
ERIC N. BAILEY
TIMOTHY F. HILL
JENNIFER E. SHERVEN

*ALSO ADMITTED IN NEW JERSEY
*ALSO ADMITTED IN CONNECTICUT
*ALSO ADMITTED IN FLORIDA

WRITER'S DIRECT DIAL: (516) 741-8488

E-MAIL: sverveniotis@mirandasokoloff.com

September 19, 2005

Honorable Allyne R. Ross, U.S.D.J.
United States District Court
225 Cadman Plaza East
Brooklyn, New York 11201

Re: Mount Vernon Fire Ins. Co. v. A.S. Constr., Inc., et al.
Civil Action No. CV-05-3190

Application granted.
Soldered. 9/23/05
cc: parties
Judge Matsumoto

Dear Judge Ross:

We represent the plaintiff, Mount Vernon Fire Insurance Company ("Mount Vernon"), plaintiff in this declaratory judgment action, and we write, jointly to report to Your Honor the status of the underlying proceedings.

During the August 10, 2005 conference call, the parties advised Your Honor that there was a settlement conference scheduled before Magistrate Judge Matsumoto, on August 16, 2005, in the underlying property damage action which could, potentially, resolve the issues in this declaratory judgment action. Accordingly, it was agreed that we would report the outcome of the August 16th conference to Your Honor and, if necessary (if the case was not to settle), set a briefing schedule for A.S. Construction's motion to dismiss the declaratory judgment action.

Upon conferring with counsel in the underlying action following the August 16, 2005 conference, we were advised that because of an illness of the plaintiff Mr. Cohen, the inspection of the home and the corresponding settlement negotiations in the underlying action had been delayed. On August 23, 2005 the Court granted our joint application for a 30 day extension of time to provide a status report and set a briefing schedule, if required in the declaratory judgment action.

MIRANDA & SOKOLOFF LLP

Letter to Hon. Allyne R. Ross (CV-05-3190)

September 19, 2005

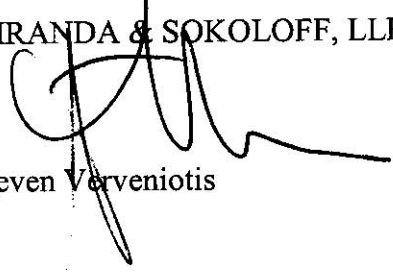
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In accordance with the August 23, 2005 Order, we are writing to update the Court as to the status of the underlying action. We have contacted counsel in the underlying action and were advised that counsel for the plaintiff in the underlying property damage action was experiencing health problems that delayed arranging to have their respective experts simultaneously review the damages in order to arrive at a settlement figure.

We understand that the parties to the underlying action intend to schedule the inspection over the next two weeks. We therefore request -with the consent of both sides- that the Court permit us another 30 days to monitor the events in the underlying property damage action and then report back to Your Honor as to whether a settlement is possible or whether we need to brief the motion in this action.

Respectfully submitted,

MIRANDA & SOKOLOFF, LLP



Steven Verveniots

cc: Carlton T. Spiller, Esq.,
Greenbaum, Rowe, Smith & Davis LLP